This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS ABUJA 001956

SIPDIS

US DEPT OF COMMERCE FOR ADVOCACY CENTER

E.O. 12958: N/A
TAGS: ETRD EINV ECON PREL NI
SUBJECT: NIGERIA: PROCTOR AND GAMBLE

REF: (A) USDOC 4484 (B) ABUJA 1918 (C) USDOC 4307

¶1. Mission appreciates Department of Commerce's flexibility in redirecting the Secretary's letter to the Minister of Industries. Please note that this does not imply an overall policy change away from commercial advocacy at the Presidential level as Ref A suggests. Based on recent interaction with the President, Post feels that, in this case, P&G's interests would be best served with advocacy directed towards the Minister who will ultimately advise the President on P&G's requests. Other cases may require other approaches, and Mission looks forward to consultations with USDOC as each individual case moves through the advocacy process.

¶2. Mission does not recommend sending courtesy copies of the letter to national legislators. In general, the National Assembly is not directly engaged in commercial issues. Moreover, to our knowledge, P&G has not yet established a relationship with key legislators in its effort to build support for its proposals. If such letters were delivered without prior due diligence to assure the likelihood of a sympathetic hearing, P&G could encounter opposition, particularly from legislators who may support a protectionist tariff on detergent. On the other hand, if P&G were to specify legislators with whom they have already established a positive line of communication, copies of the relevant correspondence could be shared at a time P&G deems advantageous.

¶3. On August 3, EconCouns discussed tariff issues, including P&G's request for tariff reductions, with Manufacturer's Association of Nigeria (MAN) President Charles Ugwuh and Director General Olawale Akinpelu. (MAN, which represents Nigeria's manufacturing and export sector, in the past has been a strong advocate of high tariff protection and, more recently, the stiff 100 percent customs inspection practices implemented at Nigeria's ports.) According to Ugwuh, MAN, not surprisingly, desires tariff reductions (to zero) on capital equipment and raw materials for Nigerian manufactured goods (P&G's first two requests with the GON.) The MAN President added that they also accepted eventual, but gradual, tariff reductions for all consumer products -- with commensurate improvement in both Nigerian infrastructure and the productivity of Nigerian manufacturers. Thus, he did not oppose the principle of a paced annual reduction in the tariff for detergent that would gradually force P&G's domestic competitor to face stiffer market conditions. However, the idea of an immediate reduction to the level sought by P&G would be, Ugwah felt, politically unpalatable.

¶4. Ugwuh and Akinpelu recommended the GON provide P&G a tax holiday equal to the difference in the GON tariff rate and the 25 percent tariff rate desired by P&G. (As the tariff rate fell, so too would the tax break.) They also felt P&G would have a stronger case if the company agreed to eventually import Ariel detergent in bulk for packaging in Nigeria, rather than importing the packaged Ariel product. Ugwuh pointed out that Industries Minister Jamodu was, despite his former ties to P&G's competitor, a "MAN man" and understood well the benefits of competition for both manufacturers and consumers. A compromise between P&G and the GON along the lines outlined above, Ugwuy believed, would be a good basis for an agreement. Mission has not yet informed P&G of its conversation with MAN.
Jeter